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Of Attorneys for Debtor-in-Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF OREGON

In re

Fizz & Bubble, LLC

Debtor-in-Possession.

Case No. 19-34092-tmb11

DECLARATION OF CHRISTOPHER N.
COYLE IN SUPPORT OF DEBTOR'S
RESPONSE TO UNITED STATES
TRUSTEE'S MOTION UNDER 11 U.S.C.
§ 1112(b) TO DISMISS OR CONVERT

I, Christopher N. Coyle, declare and state as follows:

1. I am one of the attorneys for Debtor-in-Possession, Fizz & Bubble, LLC ("Debtor"), in the above case and make this Declaration in support of Debtor's Response to the United States Trustee's Motion under 11 U.S.C. § 1112(b) to Dismiss or Convert.

2. I have been involved in this case as co-counsel for the Debtor and have worked on responses to inquiries from the United States Trustee and assisting the Debtor in preparation of the 2015 Monthly Operating Reports. From my review of the file and direct involvement in the case, the Debtor has produced multiple sets of documents in response to requests from the United States Trustee and has been working to provide additional information in response to further requests.

3. In connection with the 2015 Monthly Operating Report for January 2020, the Debtor provided my firm with bank statements in time for inclusion with the report and those statements had been redacted so they could be included with the filed report.

4. In assembling the 2015 Monthly Operating Report for January 2020, the bank statements were inadvertently not attached to the report itself. I became aware that this was the case only after the United States Trustee filed its Section 1112(b) Motion.

5. Attached hereto as **Exhibit A** is a copy of a letter (without its enclosures) dated March 18, 2020 that I sent to Tammy Combs at the United States Trustee's Office to address the requests that the Section 1112(b) Motion characterizes as outstanding. The letter outlines my impressions of the requests that were made and responds provided along with the chronology of the requests.

6. To date, I have not received an additional request or follow up from the United States Trustee.

7. I have regular communication with the Debtor's representatives and routinely request information from the Debtor to provide to the United States Trustee and to other parties to this case.

I hereby declare that the above statements are true to the best of my knowledge and belief and that I understand the above statements are made for use as evidence in Court and are subject to penalty for perjury.

Dated: March 20, 2020

/s/ Christopher N. Coyle
Christopher N. Coyle, Declarant

VANDEN BOS & CHAPMAN, LLP
ATTORNEYS AT LAW

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March 18, 2020

VIA EMAIL TO Tammy.L.Combs@usdoj.gov

United States Department of Justice
Office of the U.S. Trustee
Attn: Tammy L. Combs, CPA
620 SW Main Street, Rm. 213
Portland, OR 97205

Re: In re Fizz & Bubble, LLC;
Bankruptcy Case No. 19-34092-tmb11
Our File No. 9490

Dear Ms. Combs:

Thank you for your patience; as you know, my client contact, Kim Rudolph, is also responsible for working to collect on outstanding accounts receivables (the collection of which was necessary to obtain funds to make payroll), reworking the Kohls account (necessary for collection of that account receivable), preparing the payroll, and providing financial calculations (necessary to secure investors for an exit from bankruptcy).

From your January 13, 2020 email, which had a seven day response deadline ending on a federal holiday, and which was responded to on January 21, 2020 (the next business day), you have, in your declaration filed in conjunction with the UST's Motion to Dismiss, indicated that additional information was outstanding. I must confess to be surprised; despite my email asking you to follow-up with me regarding the sufficiency of that response, I did not receive any further communications on that request leaving me with the impression that we'd fulfilled that request for information.

With respect to your declaration re-asserting your inquiry regarding check register or cash disbursement journal information, those are attached.

With respect to declaration re-asserting your inquiry regarding the income statement, revenue is booked on an accrual basis (based on sales). Costs of goods (as shown on the UST-11) reflects the change between beginning (increased by cash-basis purchases) and ending inventory.

March 18, 2020

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From your January 22, 2020 email (and follow-up on February 18, which, contrary to your declaration, was only associated with your January 22, 2020 and did not reference your January 13 email nor the sufficiency of the January 21 responses), you posed the following questions and responses are below. I will note that, unlike your January 13 email, no response date was specified.

1. The \$150,000 post-petition financing from Decathlon Alpha II, LP does not seem to appear on the balance sheet. Can you explain?

Response: The financing is disclosed on UST-17, should be added to the balance sheet, and can be added to the balance sheet by amended if necessary. Otherwise, I can include it in the February report.

2. Please provide an A/R detailed aging and A/R collection report for December 31, 2019. I was confused by the A/R summary dated 1/8/20 which seemed to indicate the debtor's A/R would be much higher as of 12/31/19. QVC Inc. alone was \$139,650.

Response: Attached. There were problems with the QVC order and that AR has been completely written off.

3. November's inventory ending balance of \$255,000 did not change in December. Does \$255,000 reflect the correct inventory cost for the debtor as of December 31, 2019?

Response: Yes. The Debtor does not have an inventory management system; the inventory amounts are based on the same methodology as used for the schedules – the estimate of the warehouse manager.

4. Please provide the payroll spreadsheet for December's payroll.

Response: Attached.

5. I am confused how the debtor is booking revenue. November and December revenue combined is \$35,982 with associated Cost of Good Sold of \$145,955. Please explain how revenue is booked.

Response: Revenue is booked on an accrual basis (based on sales). Costs of goods (as shown on the UST-11) reflects the change between beginning (increased by cash-basis purchases) and ending inventory.

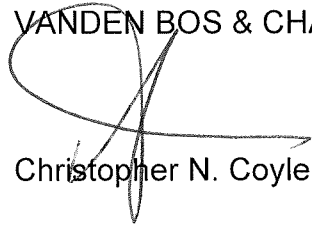
VANDEN BOS & CHAPMAN

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If you need any additional information, please contact me.

Sincerely,

VANDEN BOS & CHAPMAN, LLP

A handwritten signature in black ink, appearing to be "Christopher N. Coyle", written over the printed name.

Christopher N. Coyle

CNC:
Enc.

cc: Fizz & Bubble, LLC (via email)
Christian Torimino (via email)

CERTIFICATE - TRUE COPY

DATE: March 20, 2020

DOCUMENT: DECLARATION OF CHRISTOPHER N. COYLE IN SUPPORT OF
DEBTOR'S RESPONSE TO UNITED STATES TRUSTEE'S
MOTION UNDER 11 U.S.C. § 1112(B) TO DISMISS OR CONVERT

I hereby certify that I prepared the foregoing copy of the foregoing and have carefully compared the same with the original thereof and the foregoing is a correct copy therefrom and of the whole thereof.

CERTIFICATE OF SERVICE

I hereby certify that I served a copy of the foregoing on:

Fizz & Bubble, LLC
Attn: Kimberly A. Mitchell
27120 SW 95th Ave., Ste. 3280
Wilsonville, OR 97070

Lloyd R. DuBois
0932 SW Palatine Hill Rd.
Portland, Oregon 97219

Bruce Wood
510 SW 5th Ave., Suite 300
Portland, Oregon 97204

Oswego Financial Services
Attn: Glenn J. Smith
4091 Coltsfoot Lane
Lake Oswego, OR 97035

Express Employment Professionals
Wayne Marschall
7401 SW Washo Court, Suite 200
Tualatin, Oregon 97062

Diane M. Humke
32272 Apple Valley Rd
Scappoose, OR 97056

Mike Vanier
7650 Beveland Street, Suite 170
Portland, Oregon 97223

by mailing a copy of the above-named document to each of the above in a sealed envelope addressed to the last known address. Each envelope was deposited into the postal system at Portland, Oregon, on the below date, postage prepaid.

I hereby certify that the foregoing was served on all CM/ECF participants through the Court's Case Management/Electronic Case File system on the date set forth below.

Dated: March 20, 2020

VANDEN BOS & CHAPMAN, LLP

By: /s/Douglas R. Ricks
Douglas R. Ricks, OSB 044026
Of Attorneys for Debtor-in-Possession